Insurer Name: _____ Date: _____

NAIC Number: _____

EXPENSE CONSTANT SUPPLEMENT

CALCULATION OF COMPANY LOSS COST MULTIPLIER WITH EXPENSE CONSTANTS

3. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.

		Selected Provisions	
	Overall	Variable	Fixed
A. Commission and Brokerage Expense	_____	_____	_____
B. Other Acquisition Expense	_____	_____	_____
C. General Expense	_____	_____	_____
D. Taxes, Licenses & Fees	_____	_____	_____
E. Underwriting Profit & Contingencies	_____	_____	_____
F. Investment Income Offset	(_____)	(_____)	(_____)
G. Other (explain)	_____	_____	_____
H. TOTAL	_____	_____	_____

4. A. Expected Loss Ratio: ELR=100% – Overall 3H   =   _____
   B. ELR expressed in decimal form   =   _____
   C. Variable Expected Loss Ratio VELR=100%–Variable 3H   =   _____
   D. VELR in decimal form   =   _____

5. Formula Expense Constant:

   $[(1.00 \div 48) - (1.00 \div 4D)]$ x Average Underlying Loss Cost = _____
   (Average Underlying Loss Cost used in formula above = _____)

   Formula Variable Loss Cost Multiplier: $(2B \div 4D)$ = _____

6. Selected Expense Constant = _____

   Selected Expense Constant as percentage of Average Underlying Loss Cost expressed as a factor = _____

   Selected Variable Loss Cost Multiplier = _____

   Explain any differences between 5 and 6:

   _____
   _____
   _____

7. Rate level change for the coverage to which this page applies

	Current	Proposed
A.1. Average Underlying Loss Cost	_____	_____
A.2. Variable Loss Cost Multiplier	_____	_____
A.3. Expense Constant	_____	_____
B. Average Underlying Rate (7A1 x 7A2) + 7A3)	_____	_____
C. Overall Rate Level Change ((Proposed 7B / Current 7B) - 1) x 100		_____